GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:6081
ANSWERED ON:05.05.2005
MARKETING OF PETROLEUM PRODUCTS
Mandal Shri Sanat Kumar

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether there is a huge demand for petroleum products in the country;

(b) if so, the amount spent for marketing of their products by the Oil PSUs during each of the last three years, PSU-wise;

(c) whether the Government felt any need for marketing of petroleum products of oil PSUs in the presence of such high demand; and

(d) if so, the steps taken to keep the marketing costs at a lower level and on need basis only, by the Oil PSUs ?

Answer

MINISTER OF PETROLEUM & NATURAL GAS AND PANCHAYATI RAJ (SHRI MANI SHANKAR AIYAR)

(a) : There is a growing demand for petroleum products in the country as reflected in the following consumption figures for the last three years :

Year	Quantity (in MMT)
2002-03	104.1
2003-04	107.8
2004-05 (Provisional)	111.7

(b) : According to the information supplied by the PSU oil marketing companies (OMCs), the expenditure incurred for marketing petroleum products during the last three years is as under :

(Rs. in crores)

Name of the Company	2002-03	2003-04	2004-05 (Provisional)
IOC	2350	2449	2284
HPCL	752	836	896
BPCL	1187	1216	1215
IBP	306	383	410

(c) & (d): With the advent of deregulation of oil sector, private marketers have also commenced retail marketing of petroleum products, thus making the market competitive. Therefore, PSU OMCs are required to improve their marketing performance to enhance customer service levels to sustain growth and ensure their survival in a competitive market.

OMCs have taken a number of steps to rationalize their marketing costs, including :

(i) Rationalization of manpower and infrastructure.

(ii) Use of integrated planning software for optimizing operations from the purchase of crude to the distribution of products on a least cost basis.

(iii) Need-based promotional expenses for products and markets where there is severe competition.

(iv) Inventory management across the country.